Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of American Telemedicine Association's Petition for Reconsideration of the Rural Health Care Support Mechanism Second Report and Order	))))))	WC Docket No. 02-60

COMMENTS OF THE NEBRASKA PUBLIC SERVICE COMMISSION

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INTRODUCTION

These comments are filed in response to the Commission's Public Notice issued March 13, 2007 in the above captioned docket.[1] In December 2004, the FCC released a final order that changed the definition of "rural" for purposes of the Rural Health Care Support Mechanism.[2] Acknowledging that some health care providers would no longer be eligible for funding under the new definition, the Commission permitted all health care providers that had received a funding commitment from USAC since 1998, to continue to qualify for funding for an additional three (3) years under the prior definition of "rural".

In March 2005, the American Telemedicine Association (ATA) filled a Petition for Reconsideration of the Commission's Second Report and Order requesting the Commission grandfather, for an indefinite period of time, rural sites that would not have continued to be eligible after the order was put into place. The Commission has requested comment on the petition.

DISCUSSION

The Nebraska Public Service Commission (NPSC) would offer the following comments.

A. Grandfather Indefinitely

The NPSC recognizes the need for the new definition and applauds the Commission's efforts to improve the methods for determining eligibility for Telehealth

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[1] *Comment Sought on American Telemedicine Association's Petition for Reconsideration of the Rural Health Care Support Mechanism Second Report and Order*, WC Docket No. 02-60 (March 13, 2007)("Public Notice").

[2] *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Second Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 19 FCC Rcd 24613, 24619-20, at paras. 11-13 (2004) (*Second Report and Order*).

funds. However, the NPSC supports ATA's petition requesting that those health care providers that are currently eligible for funding continue to receive funding indefinitely under the prior guidelines.

Based upon the new eligibility test, the following Nebraska health care providers would no longer be considered "rural" and will not be eligible for funding:

a. Kearney in Buffalo County, Nebraska

b. Fremont in Dodge County, Nebraska

c. Grand Island in Hall County, Nebraska; and

d. Norfolk in Madison County, Nebraska

Three of the above-listed sites are hub sites in selected census tracts within counties.

The impact of a loss of eligibility for these Nebraska sites would be substantial. USAC funds provide the most substantive funding source for these rural sites. The annual impact is estimated to be a loss of $30,818.16 for Kearney; a loss of $8,233.44 for Fremont; a loss of $138,053.52 for Grand Island; and a loss of $100,814.88 for Norfolk.[3] Loss of this funding would adversely impact the Nebraska Statewide Telehealth Network. The network as a whole will receive an estimated $2.5 Million in federal support in fiscal year 2006-07.[4]

The Nebraska Statewide Telehealth Network (NSTN) was designed as a hub and spoke system. The largest hospitals in the state, located in Omaha, Lincoln, Norfolk, Kearney, Grand Island and Scottsbluff are hub sites. These hospitals are the largest in

[3] These numbers were calculated based upon using the 2004-2005 funding year rural-to-urban difference. The difference used by USAC to calculate funding for that funding year was $267.38 (NUSF surcharge 6.95% included).

[4] The rural-to-urban difference for the 2006-2007 funding year is $224.60 plus NUSF Surcharge.

the state, and serve multiple counties. The Critical Access Hospitals located in the proximity of the "hub" location connect to the hub hospital via one T-1 connection. The hub hospitals would then have multiple T-1 connections, connecting all hub sites together. This system allows all hub sites to be connected to each other, all Critical Access Hospitals to connect to other Critical Access Hospitals, and all Critical Access Hospitals to connect to each other. Loss of funding to any one of the hub sites in Kearney, Norfolk or Grand Island would jeopardize the entire system.

Furthermore, loss of funding would result in inefficiencies and greater costs to the state and federal funds and to the individual hospitals. If Kearney, Grand Island and Norfolk were to lose their eligibility, rural hospitals wishing to communicate via the telehealth system with other rural hospitals and urban areas would be required to have multiple T-1 connections rather than utilizing the connections between these hub sites. This would increase the cost of telehealth to both the federal and state funds and the hospital. Additionally, from the perspective of rural hospitals, inefficiencies and confusion caused by multiple connections will increase the probability that they will choose to exit the program.

B. Other Sources of Funding

The existence of the NSTN is highly dependent upon USAC funding. The unique partnership between the Nebraska Public Service Commission and Nebraska rural hospitals is based on the premise that rural health care providers must first avail themselves of federal support. Federal Universal Fund support is the basis for the Nebraska Universal Service Fund support for monthly line charges. Rural Hospitals in Nebraska have chosen to enter the program because of the connection support

provided by the Federal and State funds. The State fund is capped at $900,000.00 per year and provides support for connections and equipment necessary to operate the network.

Other reliable sources for assistance with the payment of line charges are not available. The telehealth service does not produce sufficient revenue to be self-sustaining. Without USAC support, the NSTN would cease to exist because of the high cost of transmission charges.

In order for residents in Nebraska's rural counties to continue to receive needed medical care, the residents need access to medical professionals. The NSTN provides this access via the T-1 connections. Currently, any rural resident in Nebraska can visit a specialist in Nebraska's most metropolitan city, Omaha, through the NSTN. If the rural definition is maintained, and three of the hub site locations lose their federal funding for their portion of the T-1 connections, approximately thirty-seven (37) hospitals in the state would no longer being able to connect to hospitals in Omaha and Lincoln. These thirty-seven hospitals are located in the states most rural regions. Public Health Departments connected to the network would also be impacted, as well as the rural hospitals that directly connect into hospitals located in Lincoln and Omaha, as these entities will not be able to connect to other rural hospitals and hub hospitals.

The Rural Health Care program is designed to improve the quality of medical services available to residents in rural communities across the nation. All available data collected by the NSTN indicates that the network provides a significant cost savings in both time and labor in the provision of health care services, while enhancing health care delivery to residents in rural areas. The statewide networks that were

designed prior to the rural definition changing should be indefinitely grandfathered in order for those networks to continue to achieve the purpose of the rural health care program.

CONCLUSION

The Nebraska Public Service Commission supports ATA's petition, and urges the Commission to indefinitely grandfather those hospitals eligible for funding prior to the change to the rural definition.

Respectfully Submitted,

The Nebraska Public Service Commission

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